

REMARKS

Favorable reconsideration of this application as requested in light of the following discussion.

Claims 1-12 and 15-23 remain pending in the present application.¹ No new matter has been added.

The Official Action presents the following issue: Claims 1-12 and 15-23 stand rejected under 35 U.S.C. § 102 over Lange (U.S. Patent Publication 2002/0147670, hereinafter "Lange").

REJECTION UNDER 35 U.S.C. § 102

The Official Action has rejected Claims 1-12 and 15-23 under 35 U.S.C. § 102 as being unpatentable under Lange. The Official Action contends that Lange describes all of the Applicants' claimed features. Applicants respectfully traverse the rejection.

Applicants' Claim 1 recites, *inter alia*, a method of securitizing a natural catastrophe risk, including:

establishing one or more risk classes, each risk class representing one or more natural catastrophe risks, each risk class being recurrently issuable as risk instruments providing a return on an investment, the amount of the return for a risk instrument being contingent upon the occurrence of a realization event for the corresponding represented natural catastrophe risk; and

issuing a first collection of risk instruments of a first risk class of the one or more risk classes. (emphasis added)

Lange describes an electronic options market place. The market place provides an adjustable return based on variations in amounts invested, referred to as demand-based adjustable return (DBAR). As noted at paragraph [0222], periods for trading can be

¹ The Office Action summary notes that Claims 13 and 14 are withdrawn from consideration, Applicants note that these claims have been canceled.

contingent upon the occurrence of an event. For example, a reinsurance risk may close after a certain number of catastrophic natural events. Furthermore, as noted at paragraphs [0526]-[0530], property loss often results from natural catastrophes.

As can be appreciated, the occurrence of a natural catastrophe is a basis for obtaining property insurance. Moreover, a trading period for determining on whether or not to invest in an insurance portfolio may become less attractive as a number of natural catastrophic occurrences increase. However, it is unclear what any of this has to do with the Applicants' claimed features which require securitizing natural catastrophe risk. Simply stated, whether or not there is property damage resulting from a natural catastrophe triggering a homeowner's policy liability, has nothing to do with securitizing the natural catastrophe risk itself as required by the claims. Moreover, the fact that reinsurance for investing in an insurance portfolio becomes less attractive as the number of natural catastrophic occurrences increases, is also irrelevant to the claimed securitizing a natural catastrophe risk.

The claims very specifically recite that a natural catastrophe risk is securitized by establishing one or more risk classes, each risk class representing one or more natural catastrophe risks. Each risk class is recurrently issuable as risk instruments providing a return on an investment. The amount of the return for a risk instrument is contingent upon the occurrence of a realization event for the corresponding represented natural catastrophe risk.

Lange does not disclose or suggest establishing one or more risk classes, each risk class representing one or more natural catastrophe risk and each risk class being recurrently issuable as risk instruments providing a return on an investment. Instead, Lange simply describes the normal insurance of property, which is obtained to compensate an owner for damage which may be caused by such things as floods, hurricanes and the like. Simply

stated, **the insurance policy covers damage to property, it does not provide return on an investment based upon the occurrence of the natural catastrophe as claimed.**

Accordingly, Applicants respectfully request that the rejection of Claims 1-12 and 15-23 under 35 U.S.C. § 102 be withdrawn.

CONCLUSION

As Applicants have not substantively amended the claims in response to any rejection of record, should a further rejection be applied in the next Action based upon newly cited prior art, Applicants submit that such an action **cannot properly be considered a Final Office Action.**


Consequently, in view of the foregoing remarks, it is respectfully submitted that the present application, including Claims 1-12 and 15-23, is patentably distinguished over the prior art, in condition for allowance, and such action is respectfully requested at an early date.

Respectfully submitted,

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